

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1547 - SB 1675

March 16, 2011

SUMMARY OF BILL: Reduces, from four to three years, the maximum authorized length of time that the Commissioner of Economic and Community Development (ECD) may extend the initial investment period for qualified business entities making capital investments in Tennessee of \$1,000,000,000 or more, for the purpose of such qualified business entities receiving franchise and excise tax credits. For qualified business entities making capital investments in Tennessee less than \$1,000,000,000, the maximum authorized extension of time for adhering to capital investment requirements will increase from two to three years.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - Exceeds \$100,000

Assumptions:

- The fiscal impact of this bill is dependent upon several unknown factors such as the number of qualified business entities that will require an extension of time for meeting capital investment criteria, the extent of capital investment made by any such qualified business entity, and the extent of franchise and excise tax liabilities for these qualified business entities.
- Given the extent of unknown factors, determining a precise estimate for this bill is difficult. Based on information provided by the Department of Revenue, the net impact of this bill is estimated to be a decrease in state revenue exceeding \$100,000 per year. This estimate is based on the assumption that the additional franchise and excise tax credits that will be authorized as a result of increasing the maximum allowable time (from two to three years) for qualified business entities making capital investments less than \$1,000,000,000, will outweigh any reduction of franchise and excise tax credits that will occur as a result of reducing the maximum allowable time (from four to three years) for qualified business entities making capital investments of \$1,000,000,000 or greater.
- According to ECD, this bill will have no direct impact on the Department.

HB 1547 - SB 1675

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc